



Senate

General Assembly

File No. 76

February Session, 2012

Substitute Senate Bill No. 262

Senate, March 22, 2012

The Committee on Planning and Development reported through SEN. CASSANO of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE ASSESSMENT OF FARM MACHINERY AND LIVESTOCK AND THE TRANSFER OF LAND CLASSIFIED AS FARM LAND, OPEN SPACE LAND, FOREST LAND AND MARITIME HERITAGE LAND.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (68) of section 12-81 of the 2012 supplement
2 to the general statutes is repealed and the following is substituted in
3 lieu thereof (*Effective October 1, 2012, and applicable to assessment years*
4 *commencing on or after said date*):

5 (68) Any livestock owned and kept in this state, [except that any
6 horse or pony shall be exempt from local property tax up to the
7 assessed value of one thousand dollars, with such exempt value
8 applicable in the case of each such horse or pony, provided any horse
9 or pony used in farming, in the manner required in section 12-91, shall
10 be totally exempt from local property tax as provided in said section
11 12-91] including any horse or pony;

12 Sec. 2. Subsection (a) of section 12-91 of the 2012 supplement to the
13 general statutes is repealed and the following is substituted in lieu
14 thereof (*Effective October 1, 2012, and applicable to assessment years*
15 *commencing on or after said date*):

16 (a) All farm machinery, except motor vehicles, as defined in section
17 14-1, to the assessed value of one hundred thousand dollars, [any
18 horse or pony which is actually and exclusively used in farming, as
19 defined in section 1-1,] when owned and kept in this state by, or when
20 held in trust for, any farmer or group of farmers operating as a unit, a
21 partnership or a corporation, a majority of the stock of which
22 corporation is held by members of a family actively engaged in farm
23 operations, shall be exempt from local property taxation; provided
24 each such farmer, whether operating individually or as one of a group,
25 partnership or corporation, shall qualify for such exemption in
26 accordance with the standards set forth in subsection (d) of this section
27 for the assessment year for which such exemption is sought. Only one
28 such exemption shall be allowed to each such farmer, group of
29 farmers, partnership or corporation. Subdivision (38) of section 12-81
30 shall not apply to any person, group, partnership or corporation
31 receiving the exemption provided for in this subsection.

32 Sec. 3. Subsection (g) of section 12-107d of the general statutes is
33 repealed and the following is substituted in lieu thereof (*Effective*
34 *October 1, 2012, and applicable to assessment years commencing on or after*
35 *said date*):

36 (g) A report issued by a certified forester pursuant to subsection (c)
37 of this section shall be on a form prescribed by the State Forester and
38 shall set forth a description of the land, a description of the forest
39 growth upon the land, a description of forest management activities
40 recommended to be undertaken to maintain the land in a state of
41 proper forest condition and such other information as the State
42 Forester may require as measures of forest stocking, distribution and
43 condition and shall include the name, address and certificate number
44 of the certified forester and a signed, sworn statement that the certified

45 forester has determined that the land proposed for classification
46 conforms to the standards of forest stocking, distribution and
47 condition established by the State Forester. An application to an
48 assessor for classification of land as forest land shall be made upon a
49 form prescribed by such assessor and approved by the Commissioner
50 of Energy and Environmental Protection and shall set forth a
51 description of the land and the date of the issuance of the certified
52 forester's report and a statement of the potential liability for tax under
53 the provisions of sections 12-504a to 12-504e, inclusive, as amended by
54 this act. The certified forester's report shall be attached to and made a
55 part of such application. [No later than October first, such] Such
56 application shall be [submitted to the assessor] dated not later than
57 October first.

58 Sec. 4. Subsection (a) of section 12-504a of the general statutes is
59 repealed and the following is substituted in lieu thereof (*Effective*
60 *October 1, 2012, and applicable to assessment years commencing on or after*
61 *said date*):

62 (a) If at any time there is a change of ownership for any property
63 that is classified as farm land pursuant to section 12-107c, forest land
64 pursuant to section 12-107d, as amended by this act, open space land
65 pursuant to section 12-107e or maritime heritage land pursuant to
66 section 12-107g, a [revised] new application shall be filed with the
67 assessor pursuant to said section 12-107c, 12-107d, 12-107e or [section]
68 12-107g, provided such change of ownership is not an excepted
69 transfer pursuant to section 12-504c, as amended by this act.

70 Sec. 5. Section 12-504c of the general statutes is repealed and the
71 following is substituted in lieu thereof (*Effective October 1, 2012, and*
72 *applicable to assessment years commencing on or after said date*):

73 (a) The provisions of section 12-504a, as amended by this act, shall
74 not be applicable to the following: (1) Transfers of land resulting from
75 eminent domain proceedings; (2) mortgage deeds; (3) deeds to or by
76 the United States of America, state of Connecticut or any political
77 subdivision or agency thereof; (4) strawman deeds and deeds which

78 correct, modify, supplement or confirm a deed previously recorded; (5)
79 deeds between [husband and wife] spouses and parent and child when
80 no consideration is received, except that a subsequent nonexempt
81 transfer by the grantee in such cases shall be subject to the provisions
82 of said section 12-504a as it would be if the grantor were making such
83 nonexempt transfer; (6) tax deeds; (7) deeds of foreclosure; (8) deeds of
84 partition; (9) deeds made pursuant to a merger of a corporation; (10)
85 deeds made by a subsidiary corporation to its parent corporation for
86 no consideration other than the cancellation or surrender of the capital
87 stock of such subsidiary; (11) property transferred as a result of death
88 when no consideration is received and in such transfer the date of
89 acquisition or classification of the land for purposes of sections 12-504a
90 to 12-504f, inclusive, as amended by this act, or section 12-107g,
91 whichever is earlier, shall be the date of acquisition or classification by
92 the decedent; (12) deeds to any corporation, trust or other entity, of
93 land to be held in perpetuity for educational, scientific, aesthetic or
94 other equivalent passive uses, provided such corporation, trust or
95 other entity has received a determination from the Internal Revenue
96 Service that contributions to it are deductible under applicable sections
97 of the Internal Revenue Code; (13) land subject to a covenant
98 specifically set forth in the deed transferring title to such land, which
99 covenant is enforceable by the town in which such land is located, to
100 refrain from selling, transferring or developing such land in a manner
101 inconsistent with its classification as farm land pursuant to section 12-
102 107c, forest land pursuant to section 12-107d, as amended by this act,
103 open space land pursuant to section 12-107e or maritime heritage land
104 pursuant to section 12-107g, for a period of not less than eight years
105 from the date of transfer, if such covenant is violated the conveyance
106 tax set forth in this chapter shall be applicable at the rate multiplied by
107 the market value as determined by the assessor which would have
108 been applicable at the date the deed containing the covenant was
109 delivered and, in addition, the town or any taxpayer therein may
110 commence an action to enforce such covenant; (14) land the
111 development rights to which have been sold to the state under chapter
112 422a; and (15) deeds to or from any limited liability company when the

113 grantors or grantees are the same individuals as the principals or
114 members of the limited liability company. If action is taken under
115 subdivision (13) of this [section] subsection by a taxpayer, such action
116 shall commence prior to the ninth year following the date of the deed
117 containing such covenant and the town shall be served as a necessary
118 party.

119 (b) Any person who obtains title to land as a result of a change of
120 ownership enumerated in subsection (a) of this section shall provide
121 notice of such change of ownership to the assessor by completing a
122 form prescribed by (1) the Commissioner of Agriculture if such land is
123 classified as farm land pursuant to section 12-107c or open space land
124 pursuant to section 12-107e; (2) the State Forester if such land is
125 classified as forest land pursuant to section 12-107d, as amended by
126 this act; or (3) the Secretary of the Office of Policy and Management if
127 such land is classified as maritime heritage land pursuant to section 12-
128 107g. In addition to the notice required under this subsection, any
129 person who obtains title to land classified as forest land shall submit a
130 report issued by a certified forester in accordance with section 12-107d,
131 as amended by this act, if such a report has not been submitted prior to
132 the change of ownership.

133 (c) For any change of ownership enumerated in subsection (a) of
134 this section, the ten-year period provided under section 12-504a, as
135 amended by this act, shall be measured from the date on which the
136 land was classified as farm land pursuant to section 12-107c, forest
137 land pursuant to section 12-107d, as amended by this act, open space
138 land pursuant to section 12-107e or maritime heritage land pursuant to
139 section 12-107g and shall not be affected by the date of such change of
140 ownership.

141 Sec. 6. Section 12-504f of the general statutes is repealed and the
142 following is substituted in lieu thereof (*Effective October 1, 2012, and*
143 *applicable to assessment years commencing on or after said date*):

144 The tax assessor shall file annually [, not later than sixty days after
145 the assessment date,] with the town clerk a certificate for any land

146 [which] that has been classified as farm land pursuant to section 12-
 147 107c, as forest land pursuant to section 12-107d, as amended by this
 148 act, as open space land pursuant to section 12-107e or as maritime
 149 heritage land pursuant to section 12-107g, which certificate shall set
 150 forth the date of the initial classification and the obligation to pay the
 151 conveyance tax imposed by this chapter. [Said] Such certificate shall be
 152 filed not later than sixty days after the assessment date, except that in a
 153 year in which a revaluation required under section 12-62 becomes
 154 effective, such certificate shall be filed not later than January thirty-first
 155 following the assessment date. Such certificate shall be recorded in the
 156 land records of such town. Any such classification of land shall be
 157 deemed personal to the particular owner who requests such
 158 classification and shall not run with the land. The town clerk shall
 159 notify the tax assessor of the filing in the land records of the sale of any
 160 such land. Upon receipt of such notice the tax assessor shall inform the
 161 new owner of the tax benefits of classification of such land as farm
 162 land, forest land or open space land.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2012, and applicable to assessment years commencing on or after said date</i>	12-81(68)
Sec. 2	<i>October 1, 2012, and applicable to assessment years commencing on or after said date</i>	12-91(a)
Sec. 3	<i>October 1, 2012, and applicable to assessment years commencing on or after said date</i>	12-107d(g)
Sec. 4	<i>October 1, 2012, and applicable to assessment years commencing on or after said date</i>	12-504a(a)

Sec. 5	<i>October 1, 2012, and applicable to assessment years commencing on or after said date</i>	12-504c
Sec. 6	<i>October 1, 2012, and applicable to assessment years commencing on or after said date</i>	12-504f

PD *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 13 \$	FY 14 \$
Various Municipalities	Reduction to Grand List	Potential Significant	Potential Significant

Explanation

The bill, which makes various changes to property tax calculations, will result in a reduction to municipal grand list assessments.

Section 1 of the bill fully exempts horses and ponies from local property taxes, regardless of their use. The statewide 2010 Grand List included 1,902 horses and ponies valued at more than \$1,000 and total assessed value at \$6.6 million. This exemption will result in a reduction to the grand list.

Section 2 of the bill expands the mandatory property tax exemption for farm machinery from a value of \$100,000 to an assessed value of \$100,000 (or a value of \$142,857 assessed at 70%). Thus, municipalities with farm machinery will experience reductions to their grand list.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 262*****AN ACT CONCERNING THE ASSESSMENT OF FARM MACHINERY AND LIVESTOCK AND THE TRANSFER OF LAND CLASSIFIED AS FARM LAND, OPEN SPACE LAND, FOREST LAND AND MARITIME HERITAGE LAND.*****SUMMARY:**

This bill makes changes to the “490 program,” in which eligible farm, forest, open space, and maritime heritage land is assessed for property tax purposes based on its current use, rather than its full market value. Specifically, it:

1. extends the application deadline for forest land classification;
2. modifies notice and filing requirements for transfers of 490 property that are exempt from a conveyance tax;
3. specifies that such exempt transfers do not affect the 10-year period for purposes of determining a landowner’s obligation for the tax;
4. requires landowners to file a new, rather than a revised, program application with the town assessor whenever land in the program is sold (§ 4);
5. extends the date by which an assessor must file certain information with the town clerk for 490 program property in a revaluation year; and
6. makes a technical change.

The bill also (1) fully exempts horses and ponies from local property taxes, regardless of their use and (2) expands the mandatory property tax exemption for farm machinery.

EFFECTIVE DATE: October 1, 2012, and applicable to assessment years starting on or after that date.

490 PROGRAM CHANGES

Application Deadline for Forest Land Classification (§ 3)

The bill requires landowners seeking to have their land classified as forest land for purposes of the 490 program to file an application dated no later than October 1 with the town assessor, rather than submit it by that date.

Under current law, the October 1 submission deadline conflicts with another statute that requires owners to file the application between September 1 and October 31, unless the town is in a revaluation year, in which case the application must be filed by December 30 (CGS § 12-107d (f)). Thus, under the bill, an owner must submit an application, dated by October 1, within the 60-day filing period, or by December 30th in a revaluation year.

Excepted Property Transfers (§ 5)

With certain exceptions, the law imposes a conveyance tax on farm, forest, open space, and maritime heritage land in the 490 program that is sold or transferred within 10 years of its classification. The conveyance tax does not apply to certain transfers under the law, including transfers (1) for no consideration within a family or (2) resulting from a land owner's death where no consideration was received for the land.

The bill specifies that, for any transfer that is not subject to this conveyance tax, the 10-year period is (1) measured from the date on which the land received its 490 program classification and (2) not affected by the transfer date.

The bill also requires individuals who obtain title to land as a result of an excepted transfer to notify the town assessor by completing a form prescribed by the (1) agriculture commissioner, for farm and open space land; (2) State Forester, for forest land; or (3) Office of Policy and Management secretary, for maritime heritage land.

Landowners who obtain title to classified forest land must also submit a certified forester's report evaluating the property's 490 program eligibility, unless such a report was submitted before the transfer.

Deadline for Tax Assessor to Report to Town Clerk (§ 6)

Under current law, tax assessors must annually, by November 30th, file with the town clerk a certificate for any land classified under the 490 program. The bill extends this deadline to January 31 for any year in which a revaluation of all real property becomes effective.

PROPERTY TAX EXEMPTION FOR HORSES AND FARM MACHINERY (§§ 1-2)

Under current law, horses and ponies are considered personal property and municipalities must assess them at 70% of their fair market value for property tax purposes. Current law exempts from the tax (1) horses and ponies used exclusively for farming and (2) the first \$1,000 of assessed value for those used for other purposes. The bill exempts all horses and ponies owned and kept in the state from property taxes, regardless of their use.

Under current law, municipalities must also exempt from property taxes farm machinery, other than motor vehicles, valued at up to \$100,000. The bill expands this exemption to up to \$100,000 in assessed value, which by law equals 70% of its fair market value. Municipalities may grant an additional exemption of \$100,000 of assessed value for such machinery, by law unchanged by the bill (CGS § 12-91 (b)).

To qualify for the farm machinery exemptions, farmers must individually or as a part of a group, partnership, or corporation, derive at least \$15,000 per year in gross sales from the farming operation or incur at least \$15,000 in farm-related expenses in the most recent assessment year before the assessment year to which the exemption applies. A farmer must apply annually for the exemptions with the local assessor or board of assessors.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 20 Nay 0 (03/07/2012)